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### **Opt-Out Municipal Aggregation Will Bring Benefits to Connecticut**

Consolidated Edison Solutions, Inc. ("Con Edison Solutions") is an Electric Supplier providing electricity to residential and commercial customers in Connecticut, Pennsylvania, Massachusetts, and New York. In addition, Con Edison Solutions serves non-residential customers in Delaware, Maryland, New Hampshire, New Jersey, Illinois, Texas, and the District of Columbia.

Con Edison Solution's decision to serve residential customers in Connecticut was predicated on the favorable retail switching rules adopted by the Connecticut Legislature last year. While these referral programs are proving to be effective at providing residential customers with competitive opportunities in Connecticut, Con Edison Solutions encourages the Legislature to consider the use of "opt-out" municipal aggregation as an additional and more effective tool for providing residential customers the benefits of competitive markets.

There are clear and compelling benefits to municipal aggregation as demonstrated by the effective programs in place in Pennsylvania and Massachusetts. The current procurement process in Connecticut provides customers with two opportunities to benefit from competitive markets: the first as a result of the Standard Service RFP process, and the second as a result of switching to a competitive retail supplier to further lower their price or choose additional products and services. In addition, aggregation can effectively provide a third way to benefit from the competitive markets while preserving the customers' ability to either return to Standard Service or switch to a competitive retail supplier if the price or product offering (e.g., green power) was more desirable than the aggregator's offering.

While Raised Bill 5789, *AN ACT CONCERNING MUNICIPAL AGGREGATION*, would likely provide some benefit to those customers that "opt-in" to the aggregation program, it would not be as effective at reaching and conveying benefits to eligible customers as the "opt-out" programs in place in Massachusetts where Con Edison Solutions is the aggregation supplier to the Cape Light Compact and the City Marlborough. Specifically, Con Edison Solutions is concerned that, under an "opt-in" program, customer inertia would naturally preclude a high level of participation. Assuming this inertia can not be readily overcome, the resulting aggregation pool would be relatively small and, due to the resulting lower buying power, would likely reduce the aggregator's ability to provide participating customers with as much saving. In contrast, the larger amount of load from



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an opt-in program would likely result in better pricing terms for the participants and, the benefits would be shared with a broader group of customer.

Finally, Con Edison Solutions would encourage the Committee to consider a more gradual phase-in of the aggregation proposal to provide both wholesale and retail suppliers a greater opportunity to adjust supply contracts and business strategies to accommodate the anticipated affects of aggregation. Because the proposed January 2009 implementation date in Raised Bill 5789 would be economically disruptive to contractual arrangements that extend into calendar year 2009, Con Edison Solutions would recommend that the effective date either be delayed until the latter part of 2009 or, alternatively, establish a lower initial limit and gradually build up to the 400 MW state-wide cap on aggregation.

For these reasons, Con Edison Solutions would encourage the Committee to amend Raised Bill 5789 to provide municipal aggregation on an "opt-out" basis and on a phased-in basis during 2009.